

An alumni association, formed at the instigation of university officials, was incorporated for the purpose of fostering a spirit of loyalty and fraternity among the graduates and former students of the university and to effect united action in promoting the general welfare of the university as an educational institution. The financial affairs of the association are under the direct control of the administrative officers of the university. Under the articles of incorporation, many matters of procedure and policy of the association are required to be submitted to these officers for approval. In particular, the budget of the association is subject to approval by the comptroller of the university. University funds are made available to the association and university officials largely determine the purposes for which such funds shall be used. A special committee of the board of trustees of the university determines the extent to which the association may participate in connection with its program of promoting gifts and endowments to the university. The association publishes a periodical which is officially sponsored by the university and distributed to the alumni and former students. The association performs duties which ordinarily fall within the operating functions of the university, such as maintaining records of the alumni of the university and providing an office for the benefit of the alumni, students, and prospective students. Most of the employees of the association are paid by the university and are eligible to be covered by its retirement system. No income inures to the benefit of any private individual. Held, since the association (1) is organized primarily for the purpose of promoting the welfare of the university with which it is affiliated, (2) is operated as an integral part of it, and (3) is subject to the control of the university as to its policies and destination of funds, it qualifies for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954 as a corporation organized and operated exclusively for educational purposes.